



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

*File White R Oil shale
mine - Uintah Co, UT*
RECEIVED

DEC 20 2001

DIVISION OF
OIL, GAS AND MINING

IN REPLY REFER TO:
3000
UT-910

DEC 18 2001

Lowell Braxton, Director
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
Salt Lake City, Utah 84114-5610

M/047/017

Re: White River Oil Shale Mine

Dear Lowell:

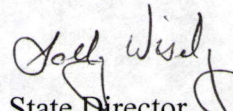
Thank you for your letter of December 12, 2001, regarding the disposition of the oil shale rock at the White River Oil Shale (WROS) Mine in Uintah County, Utah. As you are aware the BLM is in the process of taking measures to reclaim the mine site. Our first and foremost concern is to place the mining property in a safe condition for the public and the environment. Our office is actively working with contractors to inventory the site and to make recommendations on how best to reconcile the unsafe conditions that exist on the property to help us in our decision making process. As you are aware we have been unsuccessful in the past to remediate the closure of the 30 foot vertical shaft. Among the most viable and least expensive options under consideration to complete the closure of the existing shafts and removal of the present public hazard, is to utilize onsite materials previously extracted during the mining process for the WROS mine. This is our preferred and selected alternative. As such, we are concerned as to the amount of available materials to complete the back filling of the 5, 16 and 30 shafts. As a precautionary measure, BLM held in abeyance any further oil shale sales to allow a determination to be made as to the available quantities remaining. Our contractors, Dynamec Corporation and Agapito Associates, Inc., just last week completed their inventory of the surface piles and in phone conversations they have informed us that there is sufficient material on the surface to backfill the shafts, complete other reclamation projects and still allow for some additional limited disposal of onsite oil shale rock. Oil-Tech, Inc. should work directly with the Vernal Field Office regarding the purchase of oil shale rock.

In this letter we want to make you aware of several issues associated with this mine property. As stated above, there is limited oil shale rock on the surface so future sales beyond the current Oil-Tech request will not be entertained until BLM has completed our closures actions. Once this is done, Oil Tech may contact the Vernal BLM office to determine any possible remaining quantities of oil shale rock or other viable alternatives that may meet their needs. We also recognize that the price we are receiving for the rock does not come close to the value if Oil-Tech had to mine and crush similar rock for their testing and evaluation process. The BLM is

willing to make the rock available at the low price because we wish to encourage companies to develop extractive processes of the oil shale. In addition, we can not stress enough that any reclamation measures that we take on the property are intended for the long term health and safety of the public and the environment while preserving the future resource management options including the potential of developing the property for oil shale. The BLM takes our stewardship responsibilities seriously and recognizes the role that oil shale may play in the future. The other issue is that because of the unique situation associated with the WROS mine requiring onsite monitoring, site security and compliance, there are exceptional workload demands on BLM staff. This staff from the BLM needs to be present with monitoring equipment while the rock is being loaded onto the trucks and moved off of the mine property. We cannot accommodate any other arrangement because of the potential public hazard and the liability issues associated with the loading and transportation off the property of the oil shale rock. These concerns will be required to be addressed by Oil-Tech, Inc., before we will allow any sale and removal of oil shale rock from the property.

Again, thank you for your interest in the disposal of the oil shale rock from the property and if you have anymore questions please do not hesitate to contact David Howell of the Vernal Field Office at (435) 781-4400.

Sincerely yours,


State Director
Sally Wisely

cc: Oil-Tech, Inc.
5615 North 6300 West
Morgan, Utah 84050